

75

HUBBARD COMMUNICATIONS OFFICE
Saint Hill Manor, East Grinstead, Sussex

Remimeo HCO POLICY LETTER OF 31 AUGUST 1971

THE EC NETWORK DISBANDED
(The WHY OF GI Crashes)

A situation existed for four years whereby the EXECUTIVE COUNCIL WW had several International Stat crashes which then had to be picked up by the Sea Org.

The Sea Org Continental Liaison Office network has taken over these functions of management under its Management Bureau.

The first major crash was the 1968 stat crash which long remained unexplained.

Information has now come to light on how this EC network put itself out of business several times.

Operating on a wrong statistic (Gross Income) the EC network developed a system, originated or at least perpetuated by an Alan Ferguson then OES WW of daily hammering orgs for GI and getting the GI up by "all possible means". The Continental ECs borrowed this system. It was and is an off policy action.

In the very early 1960s it was already observed from the conduct of the Melbourne org that one could always sell out an area and that done without delivery or with flubby delivery resulted in a collapse of stats. It was well known then that you cannot continue to sell without full and quality delivery of what was sold.

Pushing only "GI" does not build an org that can deliver. It is easy to push only "GI". It does not take many people. Its situations are simple and easy to solve up to a point.

The WW and Continental EC network, pushing only GI, dispensed with an HCO and let HCOs collapse in orgs. HCOs were not there to build an org so delivery ceased. The org went idle and collapsed. Service was undelivered or of poor quality and ARC Broke the field.

It is a situation similar to the broad economic world of booms and depressions. Each boom was followed by a depression.

Back of this is non-delivery. Lots of stock sold but no product.

Delivery or production can also be pushed with no GI and with no money to reward or pay the expense of delivery, a crash also occurs.

In 1928 and 1929 the world markets pushed only shares, stocks and money, no delivery. Black Friday in 1929 crashed the whole world of trade and began a long depression.

Production however did exist thereafter without money and the crash was continued.

When either money or production get out of balance one has trouble. All production and no money is as bad as all money and no production.

This also answers the world mystery of booms and depressions which, unsolved, drove the whole field of economics into a mad subject.

The fault in the EC network (which I left in 1966) has been under study since the 1968 collapse of stats.

It apparently is the same as the old Melbourne org cycle of heavy sales but poor or no delivery.

Usually it takes several months or longer for one of these collapses to iron out. That was because, each time, as the stats fell, even more frantic demands for GI would be issued from the EC network. One after another orgs would cut their lines to WW and eventually no one would pay any attention and a tiny org would begin to grow back, delivering as it could.

This cycle occurred in '67, '68 and now again in the US in 1971 up to July when Flag abruptly disbanded the functioning EC US.

This was done to prevent the old cycle of oversell and non-delivery from smashing stats too hard to recover.

The Continental Liaison Office was quickly strengthened.

A new Org Condition, C/O, Exco Director Stat was devised as PAID COMPLETIONS ACCOMPANIED BY AN ACCEPTABLE SUCCESS STORY (HCO PL 29 Aug 71) was issued. LRH Ed 151, 152 and 153 and HCO Bs 30 Aug 71 Issue I & Issue II were quickly issued to set up a daily demand line from CIOs to Orgs for that stat. A Qual Sec Course (Mini Qual) and Tech Establishment Officer Course were begun. Word Clearing Tech, an auditing drills course and other material was rapidly formulated and released.

The urgency was to get the orgs delivering rapidly what they had sold while they still were financially able to do so.

Production demands were balanced with GI by "Paid Completions" and quality was bolstered by a requirement of a success story.

Training was given comparable or greater completion value to Tech to keep the orgs more heavily on training than processing.

These measures were designed to catch the boom before more and failing GI demands without delivery wrecked the network.

Any such situation is complicated by false reports or cut lines and is difficult to assess. The Data Series and many observation missions and a record of past experiences however indicate that this was the cause of the WW network failure which until now had been something of a mystery.

At fault really is the retention of GI as the only stat used to assign orgs their conditions.

The main dangers of a shift to delivery is that GI may be placed in ill repute and that orgs, suddenly shifted in target, will not believe they can deliver in such volume. They can, rather easily, as already proven by at least one org in the current shift.

Spotted and caught in time almost any situation can be handled unless actions occur or continue which worsen it.

Orgs run on policy which deliver what they sell in the same volume and in high quality, which maintain a good HCO to expand facilities, which recruit, hat and train their staffs cannot do otherwise than succeed.

It is when there is more attention on income than on production and delivery that an org or network gets into trouble. And reversely, when more attention is given to production than sales, a downtrend can also occur as the organization is put out of balance.

Well paid delivery in high quality is the correct answer. Only then can a boom continue. Frankly it has never occurred to me that such a fact could be missed.

This is good will and also your integrity.

There are no short cuts to honest prosperity.

We have the greatest possible tech when properly studied and applied. Why not deliver it?

L. RON HUBBARD
FOUNDER

LRH:nt
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